

Notable Democrat Tax Increase Proposals

Enacted:

- **Cigarette Taxes:** The SCHIP reauthorization increased taxes by \$72.1 billion over ten years, including a 62 cent tax increase on cigarettes.

Proposed in President's Budget:

- **National Energy Tax (aka "Cap and Trade"):** Imposes \$640 billion tax increase on energy usage over ten years.
- **Higher Income Tax Rates:** Reinstates 39.6% and 36% tax rates.
- **Death Tax:** Reimposes the death tax, which under current law is eliminated in 2010. The President's budget would instead put the tax back into effect for 2010 with a 45% rate.
- **Capital Gains Tax:** Increases the top rate from 15% to 20%.
- **Other Taxes on Energy Production:** Aside from the "National Energy Tax," calls for \$67.6 billion over ten years of other tax increases on energy production, such as a new excise tax on offshore oil leases.
- **Charitable Deduction/Mortgage Deduction:** Lowers the value of the charitable deduction (which will harm charitable giving) and the mortgage rate reduction (which will hurt housing prices) for taxpayers in the top two tax brackets.
- **Carried Interest:** Would be taxed as ordinary income (a rate of up to 39.6%) instead of the current 15% rate.
- **Other Taxes on Businesses:** \$353 billion in tax increases over ten years for so-called "loophole closers." According to Budget Committee Republicans, most of this revenue would come from the elimination of the deferral of tax on overseas profits from U.S.-based multinational companies. One likely consequence of that tax increase would be to give companies an incentive to bypass U.S. tax law by becoming foreign-owned.

Other Administration Proposals:

- **Payroll Tax Increase:** During the campaign, candidate Obama discussed increasing the Social Security tax on people making more than \$250,000 by eliminating the Social Security wage cap. In conjunction with allowing the 35% rate to go back up to 39.6%, this would cause the top marginal tax rate (not counting state and local taxes) to be 53.9%.
- **Health Benefits:** Peter Orszag has proposed new taxes on [employer-provided health benefits](#).

Proposals by Congressional Democrats:

- **4.6% Income Tax Increase:** Chairman Rangel introduced legislation to "pay for" AMT repeal by increasing the top income tax rate to 44.2% (including the effects of both allowing the 2001 and 2003 tax rates to expire and the new "surtax").
- **New Taxes on Driving:** Chairman Oberstar is looking at [various tax increases](#) as part of the next highway bill. These potential tax increases include a new tax on miles driven, as well as a higher gasoline tax.
- **90% Tax Rate on Bonuses:** The House passed a retroactive, 90% tax (an unconstitutional bill of attainder) on bonuses from companies that are TARP recipients. This use of confiscatory tax increases sets a dangerous precedent for potential tax increases on other sectors of the economy.

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